

VZCZCXYZ0260
RR RUEHWEB

DE RUEHRK #0175 2781537
ZNR UUUUU ZZH
R 051537Z OCT 09
FM AMEMBASSY REYKJAVIK
TO SECSTATE WASHDC 4180

UNCLAS REYKJAVIK 000175

STATE FOR EUR/NB

SIPDIS

E.O. 12958: N/A
TAGS: [PGOV](#) [PREL](#) [IC](#)
SUBJECT: MINISTERIAL CHANGES IN ICELAND

¶1. (U) On October 1, the division of responsibilities within several Ministries changed as part of the ruling coalition's effort to streamline the government. Plans for the changes began May 10 when the Social Democratic Alliance and the Left-Green Movement formed their coalition and announced intentions to reduce the number of Ministries. The Icelandic parliament passed legislation September 3 to implement some of these ministerial changes. An official at the Prime Minister's Office told EmbOff that, the process is not complete.

¶2. (U) Four ministries were renamed to reflect more accurately their new roles. The Ministry of Business Affairs became the Ministry of Economic Policy and Business Affairs. The Ministry of Justice and Ecclesiastical Affairs is now the Ministry of Justice and Human Rights. The Ministry of Communications is now the Ministry of Communications and Municipal Affairs. The Ministry of Education is the Ministry of Education and Culture.

¶3. (U) The Ministry of Economic Policy and Business Affairs strengthened its role and assumed responsibilities from other government offices and has the lead on setting economic policy. It now oversees the Central Bank and Statistics Iceland, which both previously came under the Prime Minister's office. The Economic Department of the Ministry of Finance, responsible for surveys of the economy and fiscal revenue forecasts, joined Statistics Iceland. The Ministry of Economic Policy and Business Affairs also took over the Ministry of Finance's responsibility for rules on auditing, bookkeeping and annual reports. According to an official from the Prime Minister's office, the changes leave the Ministry of Finance with no policy formulation responsibility, but management of such government assets as the State Broadcasting Agency and the quasi-government agency in charge of the former NATO base. Also under the Ministry's control is the State Bank Handling Company, established by legislation in August to manage the State's shares in financial institutions. The Ministry of Justice and Human Rights assumed responsibility to administer municipal elections and real estate valuations and also now handles consumer protection, which various ministries had previously shared.

¶4. (U) The September 3 law renaming and reallocating responsibilities among ministries, however, only implements part of the government's planned changes. The coalition agreement states that the government also intends to merge all of the "occupational" ministries, presumably the Ministry of Industry, the Ministry of Agriculture and the Ministry of Fisheries into one Ministry and to merge the Ministry of Communications and Municipal Affairs with the Ministry of Justice and Human Rights. The agreement also identifies goals of strengthening the leadership role of the Prime Minister's Office, increasing cooperation between ministries and increasing the government's cooperation with labor market parties and other interest groups.

WATSON